

## Message Text

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70

ORIGIN EB-07

INFO OCT-01 ARA-06 EUR-12 IO-10 ISO-00 COME-00 STR-04

TRSE-00 AGR-05 CEA-01 CIAE-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 PRS-01 SP-02 OMB-01 FEA-01

NSCE-00 SSO-00 USIE-00 INRE-00 /102 R

DRAFTED BY EB/OT/GCP:ELWILLIAMS:DI

APPROVED BY EB/OT/GCP:DTMORRISON

STR:AGARLAND

COMMERCE:BMARSH

TREASURY:BBENTON/WBARREDA

ARA/BC:AISAACS

EB/OT/TA:WGOFFE

----- 016519

O R 232308Z APR 75

FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY SANTIAGO

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E.O. 11652: N/A

TAGS: ETRD, GATT, CI

SUBJECT: GATT BALANCE OF PAYMENTS COMMITTEE, APRIL 21-24

REFS: (A) GENEVA 2407, (B) GENEVA 1212, (C) STATE 36542

1. U.S. REP TO APRIL 24 BOP COMMITTEE SESSION SHOULD  
CONTINUE TO TAKE LEADING ROLE IN DISCUSSION ON REFORM OF  
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BOP CONSULTATION PROCEDURES AND SHOULD SEEK SUPPORT AMONG  
COMMITTEE MEMBERS FOR FURTHER EXPLORATION OF THIS ISSUE  
IN BOP COMMITTEE CONTEXT. (WE ASSUME BOP COMMITTEE  
CHAIRMAN DUNKEL WILL BE RECEPTIVE TO THIS CALL FOR MORE

IN-DEPTH DISCUSSION.) AS INDICATED IN INSTRUCTIONS FOR U.S. DEL TO MEETING OF MTN NON-TARIFF MEASURES GROUP CURRENTLY IN PROGRESS IN GENEVA (TSC PAPER 75-14), WE BELIEVE MORE SPECIFIC WORK BY THE COMMITTEE ON BOP RESTRICTIVE MEASURES CAN LAY THE GROUNDWORK FOR EVENTUAL TREATMENT OF THIS SUBJECT IN MTN, POSSIBLY UNDER ONE OF EXISTING GROUPS OR IN NEW GROUP DEALING WITH QUESTION OF OVERALL IMPROVEMENT OF FRAMEWORK FOR CONDUCT OF WORLD TRADE OR IN SEPARATE TASK FORCE ON BOP PROBLEMS. WE SEE NO NEED AT THIS STAGE TO IDENTIFY A SPECIFIC MTN FORUM.

2. PREPARATORY WORK WE ENVISAGE IN BOP COMMITTEE COULD BE CARRIED OUT BY AD HOC WORKING GROUP IN CONJUNCTION WITH GATT SECRETARIAT OR BY COMMITTEE AS A WHOLE IN VIEW OF ITS LIMITED SIZE. THE COMMITTEE MIGHT ATTEMPT INITIALLY TO DEFINE PROBLEM AND RELATED ISSUES MORE PRECISELY, CLARIFY WHERE CONSENSUS ALREADY EXISTS AND DETERMINE WHAT DIFFERENCES WILL NEED TO BE RECONCILED OR NEGOTIATED. IN THIS CONNECTION, THE QUESTION RAISED IN PARAGRAPH 2, REFTEL (B), HOW TO DEAL WITH MEASURES NOT COVERED WITHIN COMMITTEE'S TERMS OF REFERENCE, COULD CONSTITUTE USEFUL STARTING POINT FOR SUCH DISCUSSIONS.

3. U.S. REP SHOULD SEEK TO HAVE COMMITTEE'S REPORT TO GATT COUNCIL CONCERNING WORK TO DATE ON BOP REFORM PROCEDURES INCLUDE STATEMENT ON DESIRABILITY OF EXPANDING SUCH WORK, NEED FOR COUNCIL AUTHORIZATION OF BOP COMMITTEE TO DO SO, AND POTENTIAL USEFULNESS OF RESULTS FOR MTN. STATEMENT TO THIS EFFECT FROM THE COMMITTEE WOULD MAKE IT EASIER FOR US TO PUSH THIS INITIATIVE IN THE COUNCIL. MISSION SHOULD CONSIDER ABOVE GUIDANCE AS SUPPLEMENTAL TO INSTRUCTIONS PROVIDED REFTEL (C).

4. U.S. REP MAY INDICATE U.S. ACCEPTANCE OF CHILEAN BOP SUBMISSION IN LIEU OF FULL CONSULTATIONS, PROVIDED CERTAIN ADDITIONAL REPORTING REQUIREMENTS ARE MET.  
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SPECIFICALLY, WE WOULD LIKE TO SEE FURTHER ELABORATION ON CHILE'S SYSTEM AND METHOD OF RESTRICTIONS AND EXEMPTIONS THERETO (E.G., PAGE 7, BOP/147). WE CAN APPRECIATE GOC'S EFFORT TO BE SELECTIVE IN ITS PRESENTATION BUT CP'S SHOULD HAVE DETAILED INFORMATION ON WHICH TO JUDGE FOR THEMSELVES RELATIVE ECONOMIC EFFECT OF VARIOUS MEASURES IN FORCE.

5. WE ARE GENERALLY SATISFIED WITH CHILE'S OVERALL RECORD OVER THE PAST FIVE YEARS ON QUESTION OF LIBERALIZATION VERSUS INTENSIFICATION OF RESTRICTIONS. (UNLIKE PERU, FOR EXAMPLE, CHILE HAS ATTEMPTED TO DISMANTLE

TRADE BARRIERS WHILE ENJOYING HEALTHY BOP SITUATION AND  
HAS TENDED TO EXERCISE A DEGREE OF RESTRAINT IN IMPOSING  
NEW MEASURES IN THE FACE OF BOP DETERIORATION AND RAPIDLY  
RISING IMPORTS.) WE ARE PARTICULARLY PLEASED WITH  
GOC'S LIBERALIZATION EFFORTS BEGUN IN 1974 TO LOWER  
IMPORT BARRIERS AND TO CONVERT CERTAIN NTB'S TO TARIFF  
EQUIVALENTS. KISSINGER

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